Sheila Stoeller

From: Bob Golembe [anthemkid@cox.net]
Sent: Thursday, October 14, 2010 7:21 AM
To: Mayes-WebEmail
Cc: Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web; Jodi Jerich; Sheila Stoeller
Subject: Comments on Rate Increase for Water Meter Size Differences, Docket: W-01303A-09-0343 and SW-01303A-09-0343

Dear Chairwoman Mayes and Commisssioners:

The proposed Arizona American Water rate increase includes an outrageous $50/month premium for homes with fire sprinklers that use 1-inch vs. 3/4-inch meters where the national average difference is $6.05 (per the 2009 National Fire Protection Association).

Contrary to Mr. Broderick's statement that the added cost is due to the infrastructure needs to uphold fire suppression sprinkler systems, there is no consistency to support this position throughout Anthem. As a matter of fact, there are 182 homes <u>with</u> fire sprinklers that use 3/4-inch meters comparable in home size and amenities to those that use 1-inch meters. There are also 518 homes <u>without</u> fire sprinklers that use 1-inch meters comparable in size or larger to those that feature fire sprinklers. (Ref: RUCO, REMAX). Company data also shows that of all the residential users, 59% are 3/4-inch and 41% 1-inch; hardly a spread that justifies a $50 premium between the two.

Additionally, both the ¾ and 1-inch meters are fed using 1-inch pipes to the lot lines. Therefore, in my opinion, it is not a matter of fire sprinklers; <u>it is a matter of demand, cost of service and what is fair.</u> To that end, I believe all of Anthem is supplied by one set of mains, pumps, distribution pipes, etc. In other words, one infrastructure system. I then ask:

- If the <u>greater</u> cost-of-service is to be borne by the 1-inch user, why does the water company's Revenue Schedule H-2 calculate a total consumption of <u>23% more customer-gallons</u> for the 3/4-inch than the 1-inch user or approximately 9 million gallons more? (Total = avg. gal. X no. of customers).

- If the <u>greater</u> cost-of-service is to be borne by the 1-inch user, how do they justify collecting an additional $2,030,400 in revenue per year (3384 ratepayers times $600 annual) when all hookups consist of 1-inch piping and the fixed meter cost difference is less than $100?

- Why does the Schedule H-2 show a 91.3% across the board for all meter classes and sizes when the cost of service should be borne by those customers that cause more demand on the infrastructure?

- Why did the company use only a factor of 1.25X vs. 2X for the meter size rate differences in their consolidation model vs. the stand alone rates? It appears arbitrary.

The bottom-line is that unless the company can justify that the cost-of-service demands a $50 premium in meter size differences compared to the national average of $6.05, it should not be fully granted. Perhaps the gap can be made narrower by distributing the difference among the other classes and sub-classes which is a form of subsidy that all ratepayers share in the cost for this single infrastructure system.

Respectfully submitted,